



NEWS

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FCC ADOPTS MEASURES TO INCREASE RURAL INVESTMENT AND FACILITATE DEPLOYMENT OF SPECTRUM-BASED SERVICES IN RURAL AREAS

Bar to Cellular Cross-Interests in Rural Areas Eliminated; Licensees May Grant Security Interest in License to Rural Utilities Service

Washington, D.C. -- Today, the Federal Communications Commission signaled its continuing commitment to ensure that wireless service offerings are available throughout the country, including to those living in rural America. The policies adopted will help to ensure that Americans living in sparsely populated areas will experience the breadth of wireless service offerings currently available in more densely populated areas and further the Commission's statutory mandate to make available, in a rapid and efficient manner, communications services to all Americans.

The Commission's action today is the culmination of more than a year of hard work to identify what policies would provide the most benefit to rural America. The Commission started in December 2002 with a *Notice of Inquiry* that sought comment on the effectiveness of its existing regulatory tools in promoting service to rural areas and asked how its policies could be modified to further encourage the provision of wireless services in rural areas. Based on the response to that inquiry, the Commission announced its intention in the October 2003 *Notice of Proposed Rule Making* to eliminate unnecessary regulatory barriers and encourage the deployment of spectrum-based services in rural areas.

In today's action, the Commission reaffirmed its conclusion that market-oriented policies, in tandem with capital investment by licensees, have led to the growth of valuable, productivity-enhancing wireless services to the vast majority of Americans, including many who reside, work, or travel in rural areas. The Commission determined, however, that additional steps are still needed to promote greater deployment of wireless services in rural areas, such as eliminating disincentives to serve or invest in rural areas, and helping to reduce the costs of market entry, network deployment and continuing operations. Therefore, the Commission adopted several measures designed to increase carrier flexibility, reduce regulatory costs of providing service to rural areas, and promote access to both spectrum and capital resources for entities seeking to provide or improve wireless services in rural areas.

Specifically, the Commission:

- Adopted a default definition of "rural" as a county with a population density of 100 persons or fewer per square mile;

- Determined that smaller licensing areas may be appropriate in some spectrum blocks to encourage deployment in rural areas, and that licensing areas will continue to be established on a service-by-service (or band-by-band) basis, as appropriate.
- Eliminated the cellular cross-interest rule, which currently applies only in Rural Service Areas (RSA) and transitioned to case-by-case competitive review for all applications involved in transactions involving cellular licenses.
- Allowed licensees, at their option, to grant a security interest in certain wireless licenses to the U.S. Department of Agriculture's Rural Utilities Service (RUS), subject to the Commission's prior approval of any transfer of control.
- Increased permissible power levels for base stations in certain wireless services that are located in rural areas or that provide coverage to otherwise unserved areas.
- Amended its rules to permit certain geographic-area licensees to comply with construction build-out requirements by demonstrating that they provide "substantial service."
- Concluded that re-licensing and market-based mechanisms aren't necessarily mutually exclusive and that the two approaches can be complimentary in certain circumstances.

While the Commission acknowledged a preference for market-based mechanisms to facilitate spectrum access, it recognized that for licenses beyond the first renewal, it may be appropriate at some time to revert to a re-licensing approach if the spectrum is not being used. The Commission sought further comment on possible re-licensing approaches and construction obligations for current and future licensees who hold licenses beyond their first term. For example, the Commission asked commenters to provide information on the underlying problems for rural operators to obtain access to spectrum, and requested comment on possible mechanisms to gain access or recover spectrum that remains unused.

Action by the Commission, July 8, 2004, by Report and Order and Further Notice of Proposed Rulemaking (FCC-04-166). Chairman Powell, Commissioners Abernathy and Martin with Commissioners Copps and Adelstein approving in part and dissenting in part. Separate statements issued by Chairman Powell, Commissioners Copps and Adelstein.

WT Docket No. 02-381

WT Docket No. 01-14

WT Docket No. 03-202.

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